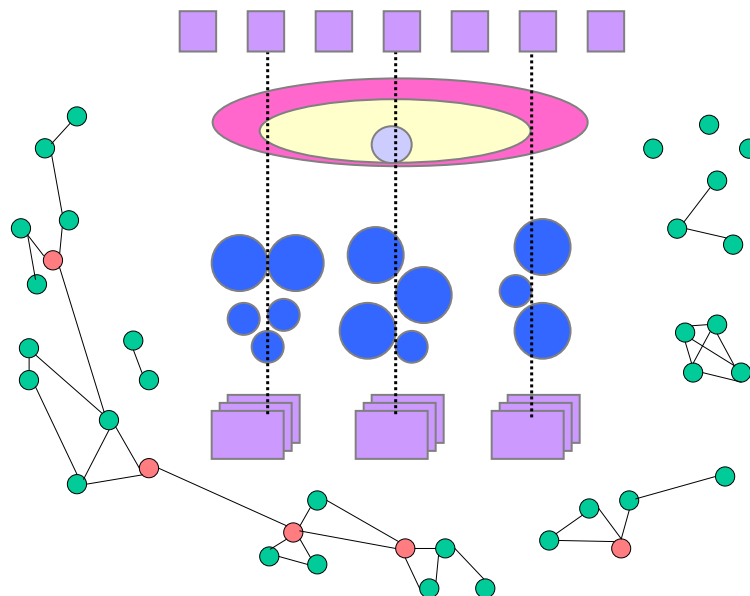


Organizing for Economic Development in Chicago: A Case Study of Strategy, Structure, and Leadership Practices



Sponsored by CEOs for Cities
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Social Capital Group
March 15, 2002 (v7.1)

“About the turn of the century, the world will pass a demographic milestone: For the first time in history, more people will live in cities than in rural areas.” --from Global Inequalities

“By making communities of our cities we take a giant stride toward world community, and in the end lasting peace will come when...world community has been achieved.” --from The Good City

Introduction

This report expands on an earlier draft discussed with Chicago interviewees on October 10, 2001.¹ The analysis is based on interviews with 30 civic leaders in Chicago and on findings from four additional pilot cities (Baltimore, Boston, Richmond, and Saint Paul) that participated in an “innovation network” to learn more about effective economic-development practices. The study was co-sponsored by CEOs for Cities and McKinsey & Company. The Chicago interviews focused on initiatives led by the Mayor’s Council of Technology Advisors (MCTA), whose purpose is to promote economic development in high-tech industry sectors (such as biotech, wireless, and software development).

The Chicago case-study findings are organized by the themes listed below, each of which includes a number of sub-points and corresponding quotes from interviews. (Quotes have been paraphrased or edited in some cases to shorten them or to provide confidentiality.)

The purpose of this case study was not to evaluate the Mayor’s Council of Technology Advisors, nor to make conclusive recommendations. I did ask interviewees for their suggestions, however, both to gain insights about the case and to draw on their experiences related to civic organizing. And respondent comments—reinforced by insights from other pilot cities—produced a number of suggestions for improvements. These recommendations have been listed at the front of the document (pp. 3-6) as a summary of what we can learn from the MCTA case about civic organizing. The overall report is structured as follows to highlight seven key themes:

- Introduction (pp. 1-2)
- Summary of MCTA-related recommendations (3-6)
 1. Brief history (7-9)
 2. Civic strategy (9-12)
 3. Organizing structures (12-16)
 4. Central role of stewardship groups (16-22)
 5. Leadership (21-25)
 6. Civic development support structure (25-27)
 7. Conclusion and overall recommendation (27-31)
- Parting thoughts: Basic beliefs and Last words (32)
- Selected bibliography (33-34)
- Selected websites (35)

¹ This report includes a number of slides from a 40-page PowerPoint presentation on civic strategy and organization in Chicago. If you would like a copy of the full presentation or if you have comments or critiques on this report, please contact Bill Snyder at: 617-498-0903, or wsnyder@socialcapital.com.

Thanks to all interviewees for the time, references, and ideas that they contributed. Their generosity demonstrated the civic spirit this report is about. Thanks also to colleagues, especially Nathaniel Foote and Etienne Wenger, for their contributions.

The purpose of the Chicago study was to learn more about the challenge of organizing cross-sector civic groups for economic development in cities. Hence, this report does not attempt to identify specific economic-development strategies. Rather, it focuses on generalizable methods for organizing civic leaders to achieve these objectives and many others. In fact, we found across all five pilot cities that whatever the specific strategic focus—high-tech sectors, “destination city,” small-business growth, or downtown real-estate development—a city’s ability to organize civic leaders was critical to its success.

Bill Barnett, a McKinsey director, summarized cities’ economic-development challenge at CEOs for Cities’ October 18 meeting by comparing a city to a typical large organization. Each must address both strategic and organizational issues to succeed. In today’s highly competitive and dynamic environment, cities must become much more strategic about their development objectives, and they must radically improve their organizational capabilities for learning and innovation. These dimensions, of course, are interrelated. Strategies cannot be effectively developed and executed unless constituencies are actively engaged. Conversely, even well-organized groups cannot accomplish much without guidance from informed, coherent strategies. And as this case demonstrates, both depend on committed, capable leadership.

The challenge to cities is especially great, because the issues are so complex and because cross-sector, civic participation is essentially voluntary. Furthermore, constituencies have become more differentiated and demanding, and technologies are introducing new challenges and opportunities. Meanwhile cities, like organizations, face growing competition from counterparts around the world.

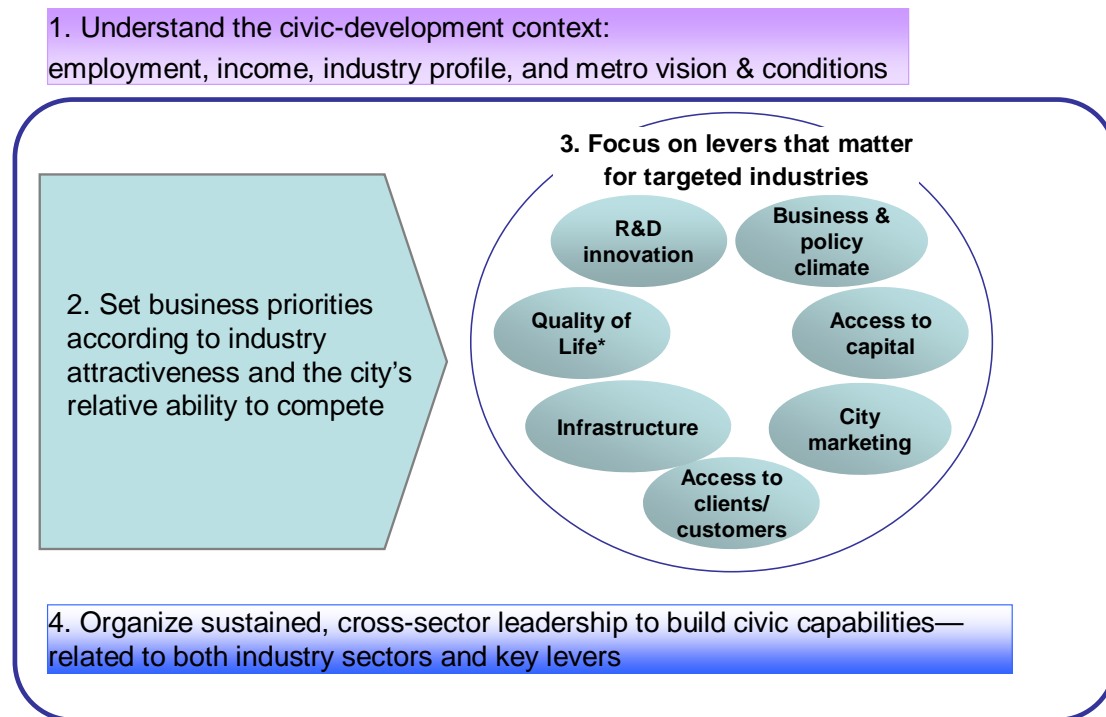
Citizens in Chicago are particularly well positioned to innovate in the area of civic development. The city has a long history of ambitious civic initiatives, and it has a strong civic consciousness manifested by the great number of groups and activities we see today. Chicago should build on its history and continue to “make no little plans.” It should more systematically leverage its tradition of cross-sector collaboration—and its brand identity as the city where people “get connected” to get things done.

Finally, if the key to economic development is ultimately about the ability to organize for learning and innovation, then cities have a distinctive advantage as engines of economic growth. Cities provide a dense, dynamic context for connecting diverse people who have complementary needs, interests, and capabilities; and who share a common heritage.

* * *

The report’s conclusion builds on this distinctive advantage of cities as centers for learning and innovation. It presents one overall recommendation, the gist of which is to make the process of civic organizing an explicit development focus in itself. I encourage civic leaders to re-imagine the Chicagoland region as a “learning system” that includes a constellation of civic practices—including economic development, education, housing, and others. Chicago—or any city—can achieve improved social and economic results through more systematic stewardship of these practices by corresponding civic groups. Finally, I propose organizing a new professional group to steward the general practice of civic development, thereby increasing the collective effectiveness of civic groups throughout Chicagoland.

Figure 1. A framework for driving civic development



Source: McKinsey & Co.

*Includes K-12 education, housing, healthcare, safety, culture, & recreation

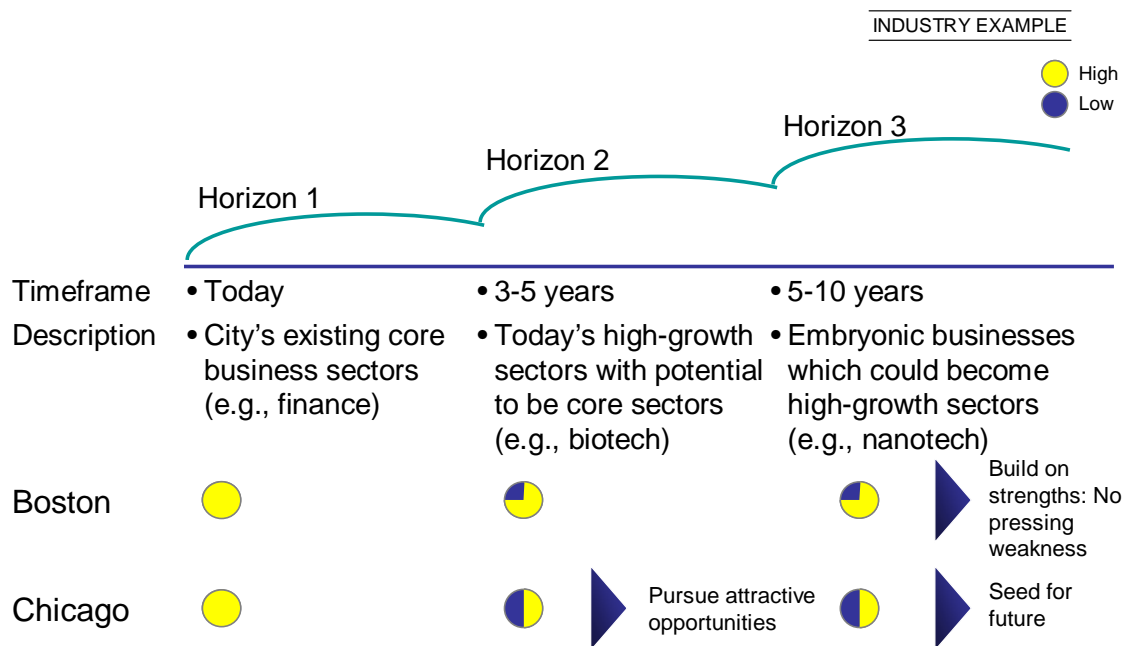
Summary of MCTA-related Recommendations

The 16 recommendations included here reflect those most often mentioned by interviewees. The recommendations are roughly organized by dimensions that correspond with the main themes of the report: *strategy*, *structure*, and *leadership*. (They are listed below after a brief introduction to each theme.) The MCTA case shows that success depends on a civic-development “recipe” that mixes ingredients from all three dimensions. But getting the right mix isn’t easy. There is much opportunity for improvement—and the stakes are high. Thus, the two concluding recommendations describe ways to strengthen the process of civic development itself.

An overall model describes how to connect strategic priorities and organizing initiatives. Civic development, like organization development, is driven both by an environmental context and by a vision of what is possible. A vital economy is a central element of this context and provides essential sustenance for any city. Therefore, a strategic vision begins by identifying priority industry sectors where the city has distinctive assets and opportunities. The strategy also outlines which civic “levers”—such as education, housing, and infrastructure—to target for driving social and economic development. Finally, the strategy is further developed and then executed at the ground level by cross-sector leaders who organize civic groups and recruit contributing organizations. (See Figure 1.)

The recommendations for Chicago that are summarized here generally address practices to “build on” versus create anew—hence the many suggestions to “continue” or “reinforce” current methods. Several, however, suggest more qualitative changes (some of which are already underway), especially number 4 on “economic-development literacy,” numbers 12-14 on leadership, and the last two on support structures.

Figure 2. Proactive civic development means anticipating strategic priorities across time horizons



Source: McKinsey & Co./MCTA Report; reference: Baghai, et al., *The Alchemy of Growth*

Civic Strategy

Civic strategy means understanding a city's (or region's) social and economic context and creating proactive initiatives to foster a vibrant "economic community"—for today and for the future. (See Figure 2.) Strategy-making depends on both civic "umbrella structures" (such as MCTA) that take on a broad set of related issues, as well as highly targeted groups that focus on a more specific civic capability or "practice" (for example, K-12 education or commercial biotechnology).

1. Continue to leverage Chicago's strong civic culture and tradition of bi-partisan, cross-sector collaboration as the "standard operating procedure" for developing new policies, programs, and legislation to promote social and economic development. (1.1-1.3, 1.6, 3.4.3)²
2. Expand on the current proactive, strategic approach to economic development, at city, regional, and state levels—as opposed to an approach that assumes that "neutral" (or "perfect") market forces will create the best outcomes. (2.1)

² Numbered references point to the section in the document where each is discussed. For references with three digits—e.g., 3.3.2—the third digit refers to the relevant bullet point (in this case, the second bullet in Section 3.3). For those who may read these recommendations on-line, the first two-digits of text references are hyperlinked. Left-click mouse on hyperlinks to jump to relevant commentary and quotes in the body of the report. To jump back repeatedly, it helps to keep the dialogue box for the Word command "EDIT/GO TO (Page 4/5/6)" in a corner of your screen.

3. Reinforce efforts to conduct rigorous, fact-based studies that foster shared understanding and identify key levers for improving results; emphasize participative approaches that promote strategy execution as well as analysis. (2.2-2.4, 1.3)
4. Find ways to increase the “economic-development literacy” of stakeholders—including state legislators, senior executives, university and government administrators, and the press—both about the broader “knowledge economy” and about the city as an “economic community.” Scientific and technological advancements are driving the economy and reinforcing the power of networks (both beneficial and destructive, from Doctors Without Borders to Al Qaeda) in business and society. These trends have important strategic and practical implications for civic participation by Chicago’s individual and organizational citizens. (2.1, 3.4.5)

Civic Structures

The MCTA case features several crucial structures for civic organizing. These structures combine informal civic spirit with formal management discipline to spur learning and innovation—and to get proposals implemented for results. Key structures include: “*sponsor boards*” that provide strategic guidance, political influence, and resources; “*stewardship groups*” (e.g., the MCTA subcommittees) that build capabilities, and “*execution arms*,” including project teams and various organizations in the MCTA network (such as the City and local businesses, non-profits, and associations).

5. Keep the flexibility, adaptability, interconnectedness, and mission-driven qualities of MCTA’s structure—don’t let it become an ossified end in itself. (3.1, 3.2)
6. Maintain MCTA’s “delicately balanced” management approach, which combines a facilitative, laissez-faire reliance on strong, self-motivated leaders with a rigorous discipline that sets objectives, reviews progress, and expects results. (3.1, 3.2.1, 3.4.6)
7. Build on the network of sponsors and “execution arms” that can provide staff and resources to implement MCTA recommendations. (3.3.1, 3.3.3, 1.4, 6.4)
8. Encourage the ongoing formation and development of stewardship groups (a.k.a., “subcommittees,” “working groups,” “communities,” “networks,” and “associations”) to provide strategic governance for issues related to industry sectors (e.g., wireless, nanotechnology) and development levers (e.g., digital infrastructure, city regulations). (4.1-4.7, 3.3.2, 2.4)

Civic Leadership

All of these civic structures rely on various types of leadership from diverse constituencies—including executive sponsors and project managers, as well as “thought leaders,” “connectors,” and “salesmen.”

9. Further leverage Mayor Daley’s enthusiastic and action-oriented sponsorship of MCTA goals and initiatives to recruit other powerful sponsors and capable leaders in various roles. (5.2, 5.3)
10. Continue to attract diverse types of leaders from all sectors and to rely primarily on their intrinsic motivations to contribute—civic spirit, professional interest, and the desire to make a difference while having fun in the process. (5.4, 5.3)

11. Encourage Chicagoland’s “connectors,” “boundary spanners,” and “brokers,” to keep up their efforts to link and coordinate players from diverse constituencies—including groups and organizations affiliated with MCTA and those that are not yet in the network. (5.2.3, 3.2.2, 1.6)
12. Lobby key sponsors—including the City and State, as well as prominent businesses, universities, and non-profits—to increase contributions of senior leadership time and attention; especially local Fortune 500 and other large companies that are less active now. In the City’s case, consider allocating additional senior-management and department staff time in areas where MCTA initiatives align with City jurisdictions—e.g., codes and ordinances, infrastructure, tax incentives, the Public Schools, and other policy or operational areas. (3.3.1, 3.4.1)
13. Select sub-committee and group leaders more strategically to create the needed mix of leadership competencies within and across groups—and set clearer expectations for time commitments and deliverables. (5.1, 5.4, 3.4.4)
14. Organize a leadership-development program (if one doesn’t exist) that sponsors time and resources for “civic fellowships” (or the equivalent). Use such a program to develop a reservoir of community leaders at various levels, from diverse constituencies, with a variety of interests and competencies. (5.1, 5.4)

Supporting Civic Development

This list of recommendations highlights the importance of “support” structures that serve client groups at several levels: *individual groups* (such as MCTA’s “Education” sub-committee); *practice-based clusters* (such as MCTA itself, which includes a cluster of groups related to the practice of economic development); and finally, the broader *constellation of civic groups* throughout Chicagoland. Support structures steward the *process* of civic development by helping groups at all levels to build, share, and apply the core skills highlighted here: strategy-making, collaborative organizing, and leading for both renewal and results.

15. Increase the allocation of staff for the MCTA “support team,” which provides professional and administrative support (everything from coaching leaders to managing logistics) for MCTA overall and for its individual sub-committees and working groups. (6.2, 6.3)
16. Finally, provide a mechanism to steward the implementation and ongoing renewal of all of these recommendations—as they apply to MCTA and more broadly to Chicago’s full array of civic groups. Begin by creating a new professional group whose purpose is to support the development of greater Chicagoland as a world-class “learning system”; which builds civic capabilities (such as commerce, education, and housing) to achieve sustainable social and economic vitality. (See Section 7.0, p. 27.)

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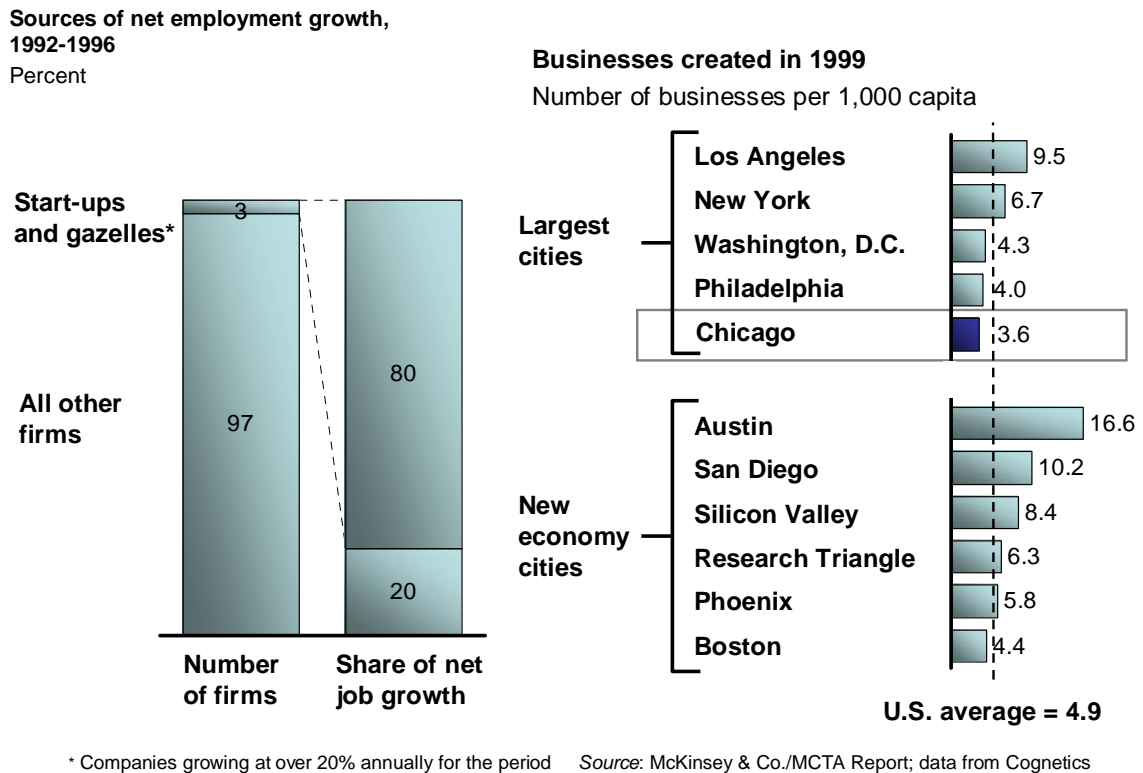
The concepts and frameworks used to analyze this case are still works-in-progress. But this report reflects more than ideas about civic organizing; it also reflects the spirit of Chicago’s citizens—“to build the greatest city in the world.”

Brief History

Chicago has had a history of active civic initiatives since the early 19th century. Its robust civic spirit is rooted in a culture of Midwestern “boosterism” that goes back to its early days when citizens sought to recruit immigrants to the city. This spirit is exemplified by the ambitious “Burnham Plan” that built the city’s world-class lakefront parks and transportation infrastructure. More recent antecedents to the Mayor’s Council of Technology Advisors were launched in the 1980’s—at both state (Illinois Coalition) and sector (e.g., biotech) levels.

- 1.1 As the dot-com boom gained momentum, there was a feeling in Chicago that the city was “being left behind.” (See Figure 3 for Chicago’s position in 1999 relative to comparable cities in the area of business development.) In response, the MCTA was formed in late 1998, catalyzed by the vocal and energetic efforts of David Weinstein, who served at the time as Mayor Daley’s technology advocate.
- 1.2 The MCTA’s formation and related publicity helped the Chicago technology community gain visibility and self-awareness; and establish itself as a legitimate focus for development. Steve Mitchell, a local private-sector executive with extensive civic leadership experience, worked with Weinstein and others to lead an effort to identify focus areas and recruit core groups to address key issues.
 - “In 1998 the Mayor asked us to put together 45 names from the private and public sectors to form the basis of a Mayor’s Council of Technology Advisors. So we hired a facilitator and got 45 people in a big room with flip charts and asked people to introduce themselves and their passion and interests. We asked them, ‘If you could do three things this year to change the perception and reality of the City of Chicago as a competitor in the technology-based economy, what would you do?’ We got 130 things on white paper around the room, which quickly dropped into buckets—for example, education, infrastructure, access to capital, city marketing—and these formed the basis of the first sub-committees. We recruited leaders and asked them to develop two to three short-term and two long-term proposals, and gave them 12 weeks to come back with a formal report. We collected all these and consolidated them into a final report and did all of this in six months.”
- 1.3 In 2001, the MCTA/McKinsey report on the “New Economy Growth Strategy” helped to re-energize the initiative, even as the dot-com bubble burst. The study’s participative data-collection and analysis process helped to further galvanize the high-tech community, and it gave the MCTA additional legitimacy by identifying relevant benchmarks and providing a strong fact base to support its initiatives.
 - Although the findings were no surprise, the report raised public awareness and provided a shared, strategic framework for disparate groups focused on economic development—including the City and State, Chicagoland Chamber, Illinois Coalition, World Business Chicago, Commercial Club, Chicago Metropolis 2020, and various sector groups (e.g., biotech, wireless, and software development).

Figure 3. Business creation in Chicago had lagged rates in peer cities



- Mayor Daley highlighted a key statistic in a major speech to promulgate the report's findings and to recruit support: "If the new economy share of Chicagoland's overall employment were to double from its current level to 15 percent, close to 40,000 more jobs would be created every five years."
- 1.4 As of late 2001, MCTA participants recognized that a mix of social structures was needed to execute the economic-development strategy—including the MCTA itself, sector-based groups such as the Illinois Biotechnology Network, and strategic partners or "execution arms" such as the City of Chicago, World Business Chicago, the Illinois Coalition, and various companies, universities, and non-profits.
 - 1.5 Results thus far have been positive: a new space for start-ups—the Lakeside Technology Center—is 97% occupied; RFP's are out to implement a world-class digital infrastructure; a comprehensive plan for leveraging technology in schools has been developed; 60,000 PCs have been refurbished and installed in schools; changes in ordinances and zoning are underway to encourage start-ups to locate downtown; and leaders in high-tech sectors have undertaken initiatives to accelerate R&D commercialization and to leverage Chicago's robust, diversified economy.
 - 1.6 But participants are wary that intractable barriers may impede Chicago's ability to spur rapid growth in its high-tech sectors—especially in the critical areas of attracting seed capital and commercializing research and development. The "second phase" of MCTA has just begun. As of September 2001, a number of the sub-committees and working groups had just started to organize themselves to respond

to the MCTA/McKinsey report published in August. The emphasis now is to help these groups define recommendations for action and get results.

- “We’re off to a good start, but more work needs to be done....We must all work together to strengthen Chicagoland’s job and income growth and economic diversity.” (Quoted from interview in *Chicago Sun-Times*, July 19, 2001.)
- “Chicago has an amazing ability to bring initiatives like this together. It has a tradition of public-private collaboration. It’s part of our culture. There were 45 who came together in this instance, and now there are a thousand more who want to participate.”

2.0 Civic Strategy

2.1 Cities today need to create proactive economic-development strategies to stay competitive. Economic development happens by growing industry sectors that are driven by a number of strategic “levers,” such as: innovative government policies, marketing efforts, access to customers and capital; and investments in digital, transportation, and R&D infrastructures—as well as quality-of-life conditions that influence cities’ ability to attract and retain a talented workforce. And actions to address these levers take time to organize and implement—so it’s important to look ahead to anticipate issues, and to look around to see what others are doing. (See Figure 4, p. 10 for examples of targeted *industry sectors* and Figure 5, p. 11 for examples of *development levers* highlighted by the strategic analysis in Chicago. Figure 2, p. 4 describes an economic growth strategy across time horizons.)

- “The traditional attitude among some City and business leaders (and among state legislators) is that we should ‘let market forces do their work.’ The problem with this is that economic development depends on coordination across sectors—business, university, and government; and at various levels—local, state, and federal. And we can see that some cities—such as San Diego, Boston, and Austin—have made aggressive efforts and got results. We need to improve the ‘business-development literacy’ across constituencies.”
- “Seems it often takes a crisis to spur action—like our feeling that Chicago was ‘being left behind.’ The danger is that we won’t recognize the crisis until 10 years too late—when others have already got the funding, built the infrastructure, and moved on.”
- “People recognize that public-private partnerships can do well for the economy—the free market would not have built an 800 million-dollar lab facility in Argon.”
- “It’s not about ‘economic engineering’ because you can’t determine which businesses or sectors will thrive. But if we don’t provide sufficient wet-lab space or seed capital to technology entrepreneurs, then they will go elsewhere.
- “Policy studies show that if you want to spur development in a city, you need to focus attention and resources in areas where you’ll get the highest payoff—for example, by comparing the difference between a return on investment in digital infrastructure compared to an equivalent amount in railroads, which could be as much as 60% versus 5%.”

Figure 4. The McKinsey/MCTA study identified high-priority industry sectors

U.S. market size \$ Billions		Estimated annual growth rate: 1999 onward	Chicagoland ability to compete
1. Biomedical • Biotech • Medical diagnostics • Medical devices	140	15-25%	<ul style="list-style-type: none"> – 2 large Fortune 500 biomedical companies – Leading universities, hospitals, and R&D labs
2. Wireless software	25-40	12%	<ul style="list-style-type: none"> – Equipment (e.g., Motorola) – Wireless application developers – Leading wireless service providers
3. Software development	140	15%	<ul style="list-style-type: none"> – Large talent pool – Many small- and mid-size development companies – End-user headquarters
4. Emerging technologies	n/a	n/a	<ul style="list-style-type: none"> – 4 local universities conducting nanotechnology research – R&D labs, several early nanotech companies

Source: McKinsey & Co./MCTA Report

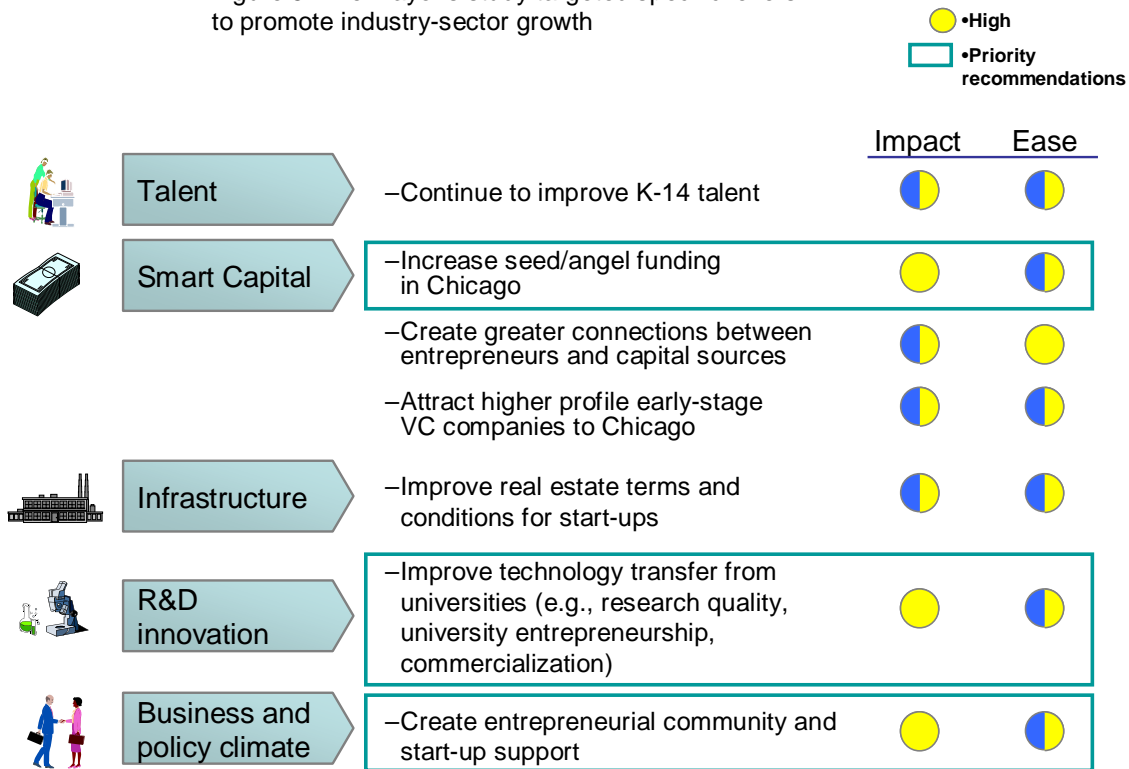
- “We’re acting as a ‘market builder’ by creating forums (like ‘biomarketplace’) that bring together the right combination of people—including scientists, venture capitalists, angels, and company executives—for the right level of catalysis.”
- The Burnham Plan (of “make no little plans”) is a good example of a proactive civic strategy. It was developed almost 100 years ago to keep the Chicago lakefront open to the public and to build a transportation infrastructure (among other things) to support the city’s long-term growth and vitality.

2.2 Strategy development occurs at several levels across various civic organizations.

- “Umbrella groups” have developed high-level strategies (e.g., Chicago Metropolis 2020 focuses on regional quality-of-life issues; MCTA on high-tech sectors), while sub-committees and working groups focus on specific lever or industry strategies.
- These groups encourage participation by a wide range of organizations and by key players across all sectors—business, government, and non-profit.

2.3 Rigorous collection and analysis of data matters. The MCTA/McKinsey and Chicago Metropolis 2020 reports have fostered a “shared conversation” and “helped people see connections they hadn’t seen before,” while also galvanizing diverse constituencies to contribute. Reports on specific sectors and levers have also been crucial, for example the \$750,000 study (provided pro bono by MarchFIRST) on technology requirements for K-12 schools; and additional reports are now in progress by working groups looking at venture capital and nanotechnology (also supported by professional consultancies.)

Figure 5. The mayor's study targeted specific levers to promote industry-sector growth



Source: McKinsey/MCTA Report; based on entrepreneur and constituency interviews

- “It’s impossible to do rigorous analysis of these issues without conducting a study like the ones these consulting firms do—identifying information and systematically cataloging best practices from various cities.”
- “We were number three in the country in technology but couldn’t see it in such a large, diversified economy. We had to find out where were the acupuncture points to make this dog jump—and this was a heart-attack issue because we were getting left behind.”

2.4 Strategy development and execution depend on well-organized civic groups that represent key constituencies and focus on particular civic capabilities, which may be related to an industry sector (for example, biotech—see Figure 4) or development lever (for example, venture capital—see Figure 5). These groups identify issues, leverage expertise, and build consensus on recommendations for action.

- “The MCTA/McKinsey study is a 30,000 foot thing that provides empirical data to support our anecdotal conclusions, but it still leaves our working group with the job to come up with practical action plans for increasing access to seed capital.”
- The Education and Technology sub-committee, for example, brought together university students, technology companies, non-profit entrepreneurs, and the Chicago Public Schools to figure out better ways to bring technology to schools.

- “Our group is working on a surgical analysis of what the city can do across the board for R&D commercialization—what precise, concrete steps should be taken to address the pressure points....For example, we’re looking closely at competition from other cities in the biotech sector. Can we match them in terms of incentives and city ordinances that fit a typical mid-sized pharmaceutical as well as they do an old-line tractor company?”

3.0 Organizing Structures

3.1 The MCTA provides a model for how cities can organize for economic development by expanding their capacity for both learning and implementation. Its structure combines the strengths of informal as well as formal dimensions. Ultimately, its performance relies more on informal elements—civic spirit, professional passion, and personal relationships—than it does on formal ones, such as role authority, standardized procedures, and measurable objectives. It is important to appreciate the complex interaction of these phenomena to elicit creative, broad-based civic participation and to guide it effectively to achieve tangible results. This not an easy balance to achieve given the diversity of players involved. An analysis of the structural features, functions, and design principles associated with MCTA structures highlights success factors and suggests areas for improvement.

- “Managing such an initiative is a delicate balancing act—there’s often a tension between continuing the discussion and moving forward to achieve results.”

3.2 There are several salient features of the structure worth noting:

- *Voluntary:* The board of advisors, executive co-chairs, sub-committee chairs, and core-group members are volunteer leaders from public, private, and non-profit sectors;
 - “I can’t order somebody to do it. We choose the best people, set objectives together, and rely on them as smart and enthusiastic people to carry it forward.”
 - “I’m not their boss. I have appealed to members’ sense of purpose. It’s a facilitative, ‘laissez-faire’ approach.”
- *Boundary-crossing:* The MCTA links a wide range of organizations and groups who connect with each other to share ideas, provide resources, and combine capabilities to implement new solutions;
 - “It’s smart for the City to get non-government people to contribute who have experience putting rubber on the road. It’s blissfully naïve to make recommendations for growing technology industries without experience and know-how. And outsiders can be more bold and creative—ensuring that the needs of business get represented in recommendations.”
 - “We don’t do all this ourselves. We work with existing structures to implement our ideas; we create ‘aligned initiatives’ and collaborate with partner organizations where appropriate.”
- *Multi-membership:* Individual members may participate in several roles simultaneously: as a sponsoring member of MCTA’s board of advisors; as a

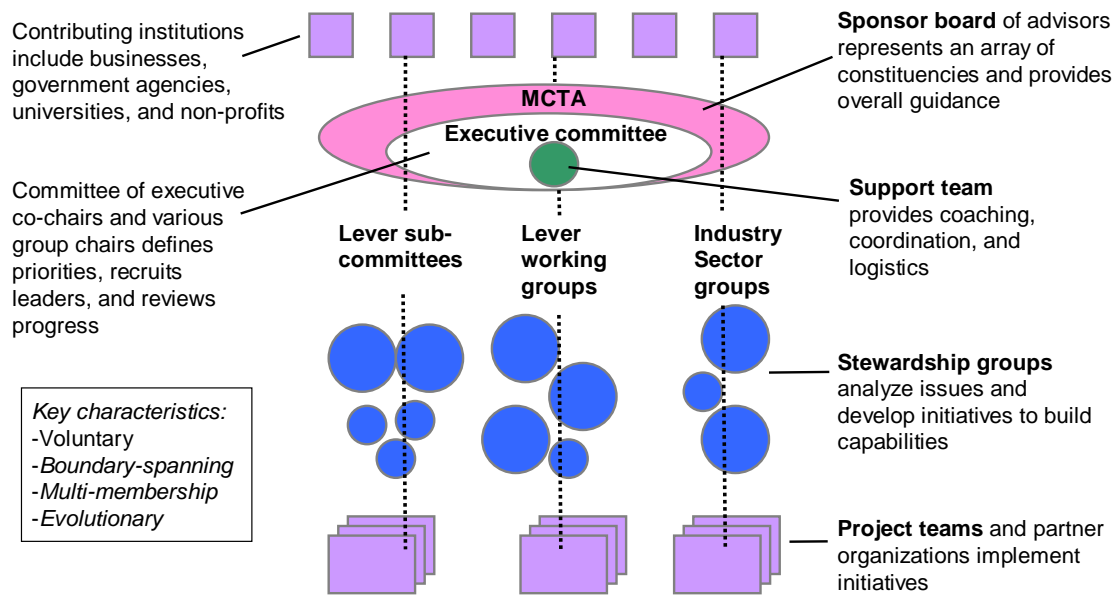
member of a sub-committee who analyzes issues and develops solutions; and as an executive of an organization who agrees to implement a sub-committee's recommendations. Thus participants personally forge linkages between MCTA's sponsorship, stewardship, and implementation functions;

- "Having someone from the Planning Department on the sub-committee helps ensure their proposals will get integrated into the City's infrastructure plans."
- *Evolutionary*: Sub-committees and working groups, as well as implementation teams, expand or collapse based on the importance of the issues and the willingness of members to commit energy and resources. The structure responds to changing strategic and member priorities—a process one leader called "intentional serendipity."
 - "Forming these groups and letting them evolve is standard operating procedure in Chicago."
 - "This economy is too big to take a top-down approach, so we took an 'inside-out,' indigenous approach with MCTA as the rallying point; with various parallel groups supporting in a range of industry sectors."

3.3 Another way to view MCTA is in terms of the four key functions that it coordinates: recruiting sponsors, stewarding sectors and levers, implementing recommendations, and providing support. (See Figure 6.)

- *Sponsorship*: MCTA recruits leaders from organizations across sectors and from various constituencies (e.g., large and small businesses; downtown and regional; women and minorities) to provide overall sponsorship. The board of advisors provides strategic guidance, civic legitimacy, access to resources, and political support. Several respondents argued, however, that MCTA sponsors—including the City and State, as well as businesses, universities, and non-profits—need to make greater investments of both resources and leadership time and attention to ensure proposals are implemented effectively.
 - "The key to making it work is institutions willing to invest—for example, a consulting company that provided a \$750,000 study, a million dollars raised for neighborhood partnerships, and commitments by WBC and the City. It does take help from sponsors."
 - "The challenge for MCTA is that people get excited about helping and developing grand solutions, but ones that come back to the City will sit on the shelf unless there are staff and resources to implement them. It needs additional high-level involvement of City staff—e.g., deputy commissioners or others whose roles align with MCTA initiatives."
 - "Until two years ago, there was no technology division in the City—it was: 'call 1-800-good-luck.'" (The City has since created new internal positions to respond better to technology issues and proposals. This response demonstrates how civic groups can influence the structures and policies of sponsoring organizations in ways that increase their mutual effectiveness.)

Figure 6. MCTA Organization Structure

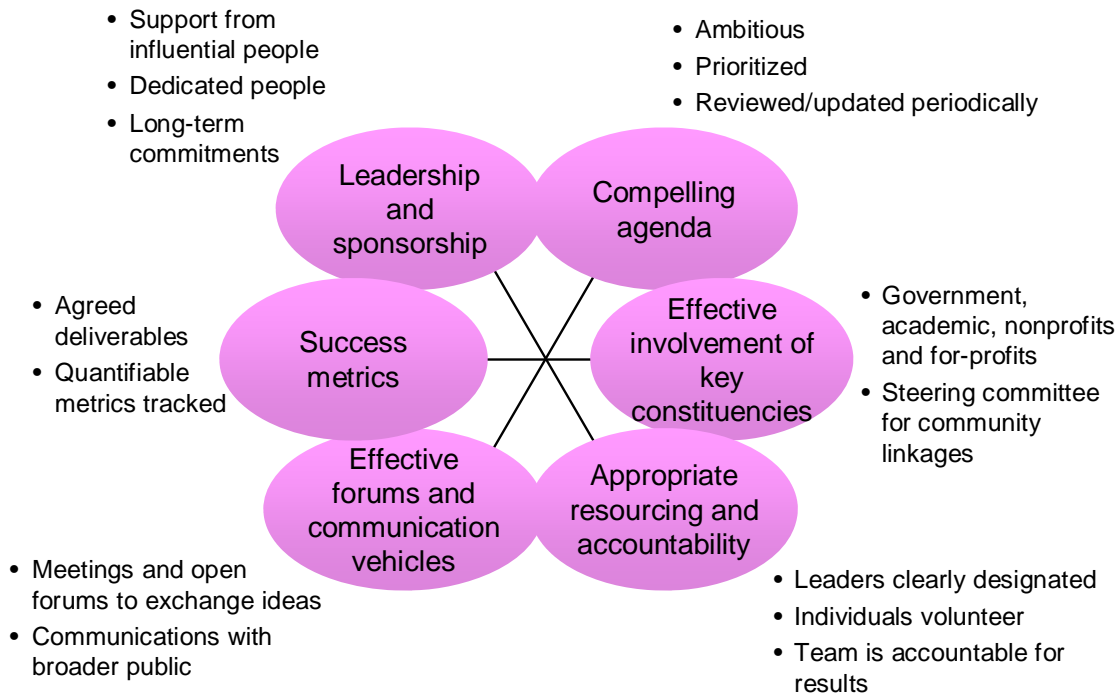


Legend: Vertical dotted lines indicate multi-membership of participants in diverse roles

- “Here’s what we need from sponsors: moral support—like a good housekeeping seal of approval; leadership resources—for example, top people from local businesses and universities (e.g., a star scientist or a VP of government affairs); and financial support: ‘Here’s 200K to hire a person, an office, your time, and to help you get another million from other sources to lead this effort.’”
- *Stewardship:* Sub-committees, working groups, or “communities” steward the development agenda for specific industry sectors (e.g., wireless, biotech) and economic-development levers (e.g., digital infrastructure, city regulations). They recruit key players and subject-matter experts from relevant constituencies and organizations; they also analyze issues, develop recommendations, and find sponsors for project teams or organizations to implement them. (See also Section 4.0, pp. 16-22.)
- *Implementation:* MCTA participants represent an array of organizations, including the City and other contributing institutions on the sponsor board. They provide influence, expertise, and resources to implement recommendations through project teams and partner organizations.
 - “We contracted with a non-profit, PCs for Schools, to implement a plan to collect computers from companies and refurbish them to provide affordable PCs to city schools. Our group is now helping PCs for Schools get access to enough used computers to meet our goal of installing 80,000 PCs a year.”

- The main distinction between MCTA “sub-committees” and “working groups” is that sub-committee topics (e.g., “Infrastructure” or “Policies and Legislative”) are ones where corresponding City departments (as “partner organizations”) are likely to have both the discretion and expertise to implement proposals.
 - *Support:* MCTA co-chairs and support staff from the City and World Business Chicago coach group leaders and help groups get organized, coordinate efforts, and manage projects and logistics. (See also Section 6.0, pp. 25-27.)
- 3.4 Finally, we can analyze MCTA in terms of six organizing principles that have proved relevant across all five pilot cities (and in a number of other cities, according to McKinsey & Company’s ongoing research; see Figure 7.):
- *Engages long-term commitment from influential leaders:* There is enthusiastic participation by technology leaders. Several interviewees argued, however, for greater involvement by senior executives from local Fortune 500 and other large companies in order to realize Chicago’s goals for high-tech job and income growth;
 - “We need to get decision-makers from the old-line business community—Sears, Kraft, Quaker, Boeing, McDonalds—and bring them to the table; we should get these leaders and the technology community engaged together in the tech debate.”
 - *Creates an ambitious, prioritized strategic agenda:* The MCTA/McKinsey report built on a compelling strategic vision and provided additional focus and legitimacy (See also Section 2.3);
 - *Involves the range of key constituents:* Generally strong, cross-sector involvement, building on Chicago’s tradition of public-private partnerships;
 - “People thought the City would solve all of it, but the mayor pushed it back out to constituencies. We need a coalition of all sectors, led and facilitated by the mayor, but not managed by the mayor’s office. That would rob other sectors of their ownership and initiative.”
 - *Provides adequate resources and structures for accountability:* Observers consistently argued that MCTA sub-committees and working groups would be more successful if they had increased staff support. Also mentioned was the need for clearer expectations and accountability for group leaders;
 - “We’re looking more strategically at who should be in which roles and clarifying expectations.”
 - *Uses meetings and forums to exchange ideas and communicate with the public:* MCTA quarterly forums serve to exchange ideas across groups and to review progress. The mayor’s high-visibility press event in August (attended by 700 prominent citizens) recruited public support and energized leaders. The media, several interviewees suggested, could do more to support ongoing education and awareness-building efforts;
 - *Establishes metrics and tracks results:* Annual reports monitor the progress of initiatives by various groups, and there is a plan to develop performance indices in conjunction with another umbrella group—Chicago Metropolis 2020.

Figure 7. Key principles for effective civic development organization



Source: McKinsey & Co.

- “Mayor Daley shows real appreciation for hard work and results; in other cities I have seen efforts that are all show and nothing ever comes of it. Results matter; you have to have something real and concrete, with measurable outcomes.”

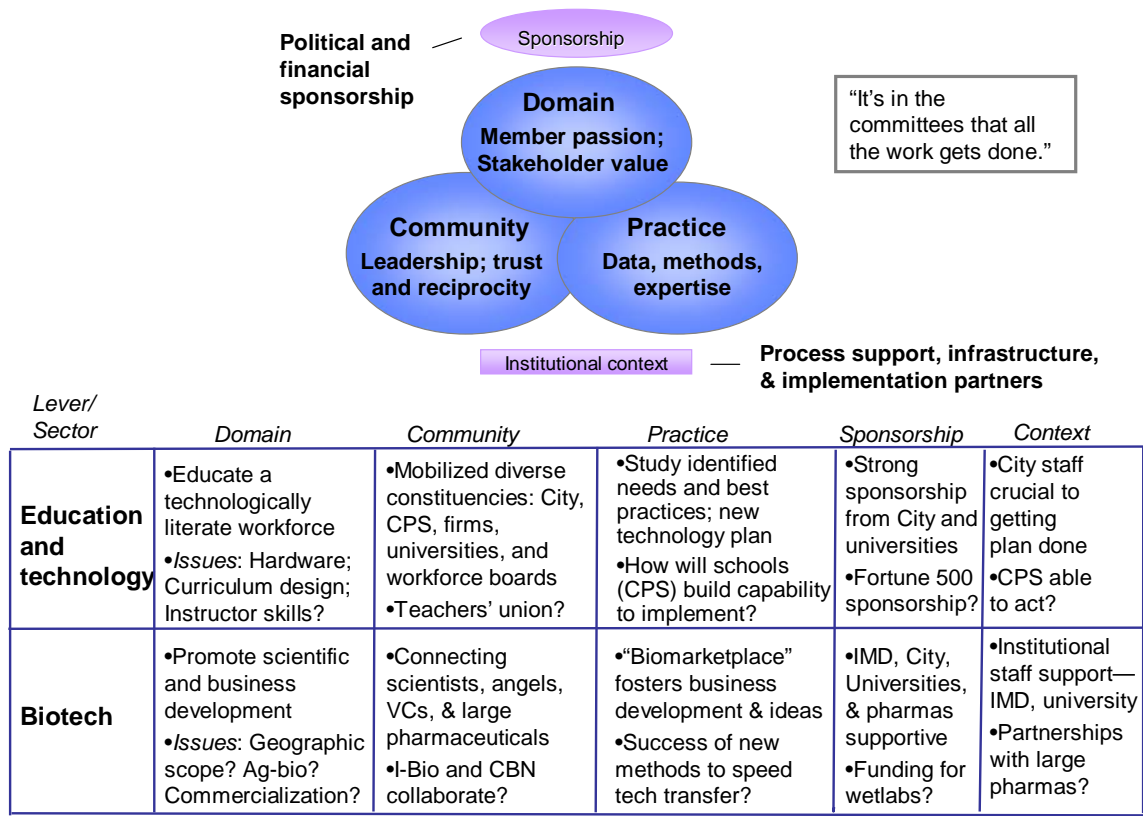
4.0 Central Role of Stewardship Groups

4.1 A critical success factor for economic-development initiatives is a city’s organizing capacity, and the heart of that capacity lies in the groups that steward a particular industry sector or civic-development lever. These stewardship groups are known by a variety of terms, including: “subcommittees,” “working groups,” “communities,” “networks,” and “associations.” These groups are often incubated by umbrella organizations such as the MCTA and the Commercial Club’s Civic Committee. Later, they may establish or merge with independent entities, as did World Business Chicago, a public-private partnership that stewards the city’s marketing and business-development efforts. The MCTA story demonstrates that civic stewardship groups deserve special attention as engines of social and economic development.

- “These groups provide a forum, a mechanism for making a contribution in an area where you have some interest and expertise—where you can hope to have an impact.”
- “It’s in the committees that all the work gets done.”
- “Networking is the heart and soul of the thing—since 1871 we’ve made conscientious efforts to build the greatest city in the world—that’s what produced the architecture, all the Nobel prizes, the world-class symphony and museums, and the quality of life.”

- “Americans of all ages, all stations in life, and all types of disposition are forever forming associations.” --Alexis de Tocqueville, 1840, from his seminal study, *Democracy in America*. (For additional historical references, see “Last words,” p. 32.)
- 4.2 Until recently, professionals in several of Chicago’s high-tech sectors—such as wireless and biotech, or in related areas such as venture capital—did not have much visibility in the city. Nor did they have forums for connecting with professional colleagues or business executives, as is legend in areas like Silicon Valley.
- “There is a networking or community aspect to developing a sector that’s very important. For example, in Silicon Valley if you go to a networking meeting, it’s not unusual to see an influential CEO there, or for a big-firm CEO to respond to an email or to meet with a young entrepreneur with a business plan—that’s the culture there.”
 - “Our first objective was to create a community, period. The technology industries were fragmented without a sense of commonality. We have more software developers than in Silicon Valley, but here it’s only 9% of the workforce. So we started getting people connected and networked and building a sense of the technology community.”
 - “The irony of the whole tech space is the importance of proximity—as in Silicon Valley where ‘geeks huddle for warmth.’ It’s also true for guys trading in steel or pork bellies—they have 20 computers in the room, but they all need to be there together to share stories with each other.”
- 4.3 In recent years, forums such as “First Tuesdays” and “Wireless Wednesdays” and groups such as the Illinois Biotechnology Network and the Illinois Venture Capital Network have been organized. They provide ways for professionals to share ideas, build relationships, and create sufficient “social capital” to catalyze economic-development initiatives—thus spurring the growth of Chicago’s high-tech sectors.
- “‘First Tuesdays’ is a networking forum whose purpose is to build the technology community in Chicago. We’ve had meetings on such topics as wireless, old/new economy, biotech, and nanotech. A typical event includes informal conversation and networking, an educational presentation, and a dinner for a high-level group afterwards. Results are people who get funding or ideas, find jobs, or create new relationships.” (See also website description, p. 35.)
 - “‘Wireless Wednesdays’ serves the purpose of making the community smaller—you see the same people at events, both tech people and non-tech people; you’re one person away from someone you need to know.”
 - “We need cohesive groups to take ownership for development in specific areas (such as biotech or nanotech), so we’re not competing against each other for the same dollar, but combining strengths of various universities and businesses in our region. The goal is to make the pie bigger, with more commercialization overall. ...If everyone goes off on their own, we won’t be successful.”
 - “We could never have attracted the international biotechnology conference to Chicago without organizing ourselves locally—there would be no one to represent us with the people in Washington. A singular voice helps us with people at the state and city levels as well.”

Figure 8. Stewardship group dimensions: Accomplishments and development issues



4.4 Stewardship groups can be analyzed in terms of three core structural dimensions (See Figure 8.):

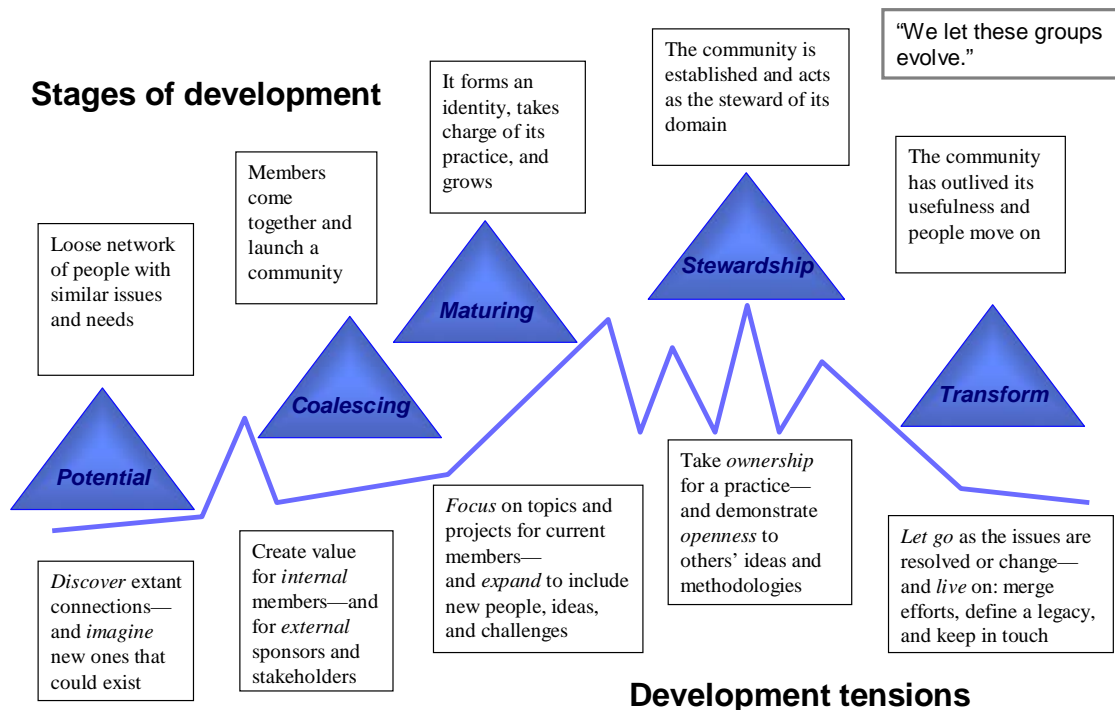
- *Domain definition*: How well-defined are the issues; how clear is the value to both members and stakeholders?
- *Community membership*: Are key players involved; is there sufficient internal leadership; how much trust, openness, and mutual commitment among members?
- *Practice development*: Do members have access to required expertise; do they have ongoing forums and joint projects to spur learning and innovation?
 - Additional structural issues include *sponsorship* (e.g., strategic guidance, funding, and legitimacy) and *institutional context* (e.g., process guidance and support; staff and technology infrastructure to facilitate communication and coordination; and implementation partners).
 - These structural dimensions are drawn from a growing body of research on analogous groups in leading private- and public-sector organizations (e.g., IBM, Johnson & Johnson, Shell Oil, McKinsey & Company, the World Bank, and the U.S. Navy). The purpose of such groups—often called “learning networks” or “communities of practice”—is to steward strategic capabilities (such as logistics or marketing) for faster learning and improved firm-wide results; even when these capabilities are deployed across business-unit and geographic boundaries. (See also Wenger, McDermott, & Snyder, 2002, bibliography, p. 34.)

- An analysis of the Venture Capital working group, for example, might explore the following issues:
 - *Domain*: Does a critical mass of leading practitioners and stakeholders (business, government, and non-profit; at both city and state levels) recognize the importance of developing local sources of seed capital?
 - *Community*: Mutual commitment and coordination by diverse players? Leadership from prominent members of the Illinois Venture Capital Association? Links with sector groups? Partnerships with coastal VC groups?
 - *Practice*: Shared understanding of what to do next? Collaborative initiatives to develop capabilities that address Chicago's unique seed-capital situation—both challenges and opportunities?
 - *Sponsorship*: Ability to cultivate City, State, and corporate support (including large companies, banks, and pension funds)?
 - *Institutional context*: Time and staff support to organize meetings, draft proposals, and monitor project milestones? Links with implementation partners?

4.5 The stories of how these groups get started follow a typical pattern (See Figure 9 for a more general description of how professional communities evolve.):

- First, civic leaders identify an issue domain—for example, an industry sector (e.g., wireless, biotech) or development lever (e.g., digital infrastructure, city regulations). This can be done top-down from a sponsor group such as MCTA or bottom-up from an informal, grassroots group.
 - “‘Wireless Wednesdays’ started as an informal group of professional companions from various companies getting to know the players in town, creating networking events, and identifying business opportunities.”
- Next, one or more leaders convene a core group of key players to develop an initial action agenda. This group then recruits a broader group of practitioners across key constituencies to validate the agenda and prioritize findings. They often commission a fact-based report to support their recommendations.
 - “We are creating a sense of community among venture capitalists and service providers—including banks, recruiters, accountants, and law firms; to grow the community we need all of them.... We’ve just begun writing a white paper to lay out the issues our members think should be addressed.”
 - “At that point we become substance-driven. For example: What are the areas of nanotechnology that could bear fruit? How do we combine efforts to go to Washington or to the State? How set up a physical facility and an incubator to build new companies? What kinds of ongoing networking or educational events (a ‘Nanoday,’ for instance) should we sponsor?”
 - “What we need is a weekend of knocking heads and cases of beer—enough time for creative abrasion—and then settle on three or four solutions.”

Figure 9. How stewardship groups—a.k.a. subcommittees, working groups, networks, associations, and *communities*—evolve over time



Source: Wenger, et al., *Cultivating communities of practice*

Legend: Jagged line shows typical levels of activity over time

- Project teams or “execution arms” are lined up to implement the group’s formal recommendations. Meanwhile, members from a variety of organizations translate community networking activities into “making deals” that get results.
 - “We identify achievable goals, get them planted in an execution repository, and then move on.”
 - “I can’t point to anything specific, but our events have brought structure to the interface between R&D scientists and the venture community; and we’ve gone from very little venture funding to the point where we now have 50 million dollars coming to various biotech companies this year.”
- Ultimately, the group may disband once its goals are achieved, merge efforts with another organization, or continue to renew its agenda. In some cases, groups build an infrastructure to support ongoing networking activities and development projects.
 - “The Chicago Biotech Network started as a grassroots organization that met informally, about five seminars a year. At first, it was more for individuals interested in life sciences, and then companies started to come in. Meetings provided a nice opportunity for people to discuss scientific and industry trends and build relationships—anywhere from 25-200 people showed up, depending on the event—held at various places and sponsored by members....Now we’re moving to work with the Illinois Biotechnology Network to take increased responsibility for public advocacy in this sector.”

Figure 10. How to develop stewardship groups:
Guidelines and challenges

	<i>Basic development activities</i>	<i>Success factors</i>	<i>Typical difficulties</i>
Domain	•Group leaders analyze context and identify key issues	•Members are passionate about topic; strong civic ethic helps: “Make no little plans”	– Cynicism or over-reliance on “market forces” – Lack of information, urgency, or ambition
Community	•Invite broader group to vet issues, gauge interest, and build relationships	•Capable group leader with time to contribute; energetic core group	– Distrust – “university deans fought like cats” – Stratification – “eagles only talk to eagles”
Practice	•Undertake projects and knowledge-sharing events to build capability	•Mix of initiatives to create short- and long-term value	– Spread too thin; fail to partner with “execution arms”
Sponsor	•Cultivate sponsors for influence and resources	•Sponsors have power and a stake in success	– Sponsors underestimate investment needed; parochial self interests
Context	•Establish ways to assess progress and provide logistical support	•Infrastructure keeps up with expansion and aspirations of group	– Insufficient resources & logistical support to grow beyond ad-hoc level

4.6 Success factors for stewardship groups (See Figure 10; these recall the civic organizing principles discussed in Section 3.4) are crucial not only to create effective solutions, but also to galvanize the support needed to get them implemented:

- Strong leadership, with a cohesive, high-level group at the core;
 - “The number one issue is leadership for each of the sub-committees and working groups; you want a group of people in each that are self-motivated and self-correcting. If the team comes together, then they will make progress.”
- Relationships with major constituencies and linkages to key institutions;
 - “We had the right mix of people involved for a digital infrastructure initiative—including people from the commercial sector, the City, technology providers, technologists, universities, an independent planning council, and community members.”
- Portfolio of short- and long-term initiatives to make visible, sustained progress;
 - “Accenture helped us identify key acupuncture points; we wrote to the Chamber to get DoCoMo (a Japanese wireless firm) to come; we formed ‘Wireless Wednesdays’ to build the community, with Sun and Motorola as our first sponsors; and we started discussions on how local software and hardware companies could help address the protocol wars.”
- Legitimacy and credibility of a powerful sponsor board;

- “The mayor’s imprimatur emboldens me to call people and talk to people I might not call otherwise—he’s highly respected as an innovative thinker and he’s action oriented.”
- Time, staff support, and resources to achieve measurable results.
 - “No group will last without real benefits to members and real things it’s accomplishing.”
 - (See also sections below on leadership time (5.4) and staff support (6.2-6.3).

5.0 Leadership

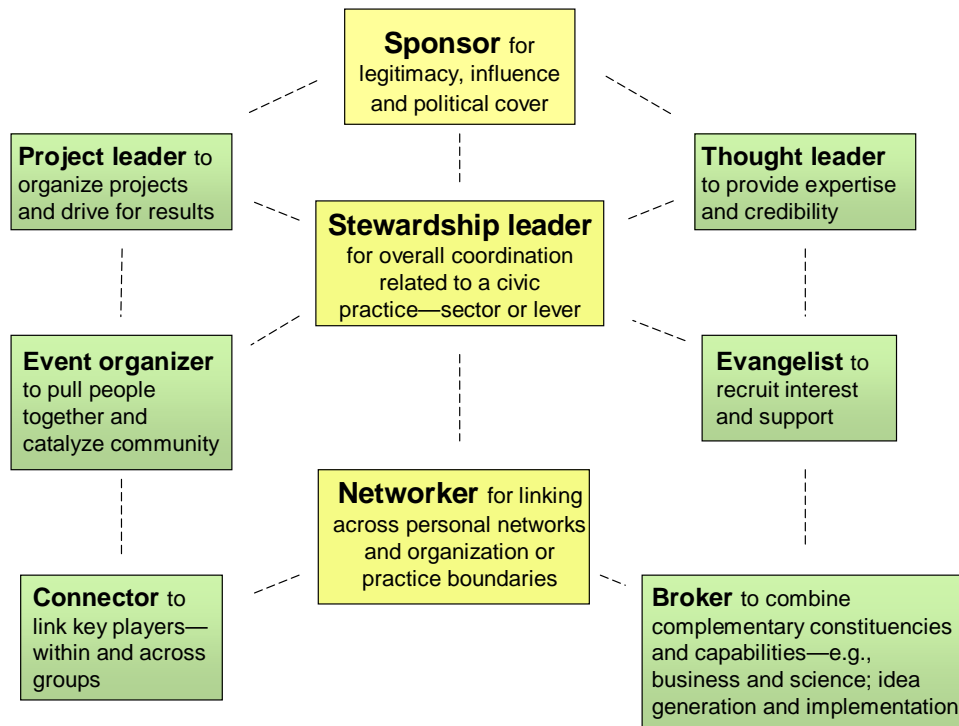
5.1 Leaders are crucial to the success of civic initiatives, just as they are in organizations. But because civil-sector structures are more voluntary and informal, they are highly dependent on true leaders (with talent, not just titles) who can mobilize members to act collectively. Leaders convene disparate constituencies, galvanize a shared vision, provide expertise, motivate participation, and guide activities to get results. Given the crucial role leaders play in civic groups across Chicagoland, it is essential to support high-caliber programs that promote civil-sector leadership development. (See, for example, the American Leadership Forum; website description, p. 35.)

- “There has been variability in the leadership activity and that affects the effectiveness of these groups.”
- “Historically, MCTA has a mixed record attracting the leaders it needs. The most important thing they can do is to get the right people. This isn’t a widget factory; this is a much harder thing to do; the real key is finding the right people and giving them the support they need to feel motivated and have impact.”

5.2 Several types of interrelated leadership were described (See Figure 11.):

- *Sponsorship leaders*: Mayor Daley’s enthusiastic support and high expectations from others have been crucial for recruiting commitments from leaders in public, private, and non-profit sectors. Mayor Daley’s sponsorship is particularly influential because he has very strong political backing, considerable resources, and significant latitude for innovative action.
 - “The mayor runs a delegative style of government. He does not develop policy based only on internal sources. He made it clear a technology strategy could only be developed and executed through a public-private partnership.”
 - “The mayor has been fully engaged. He has a long-term perspective and has had the strength to stay with it even during the dot-com meltdown.”
 - “The press criticized high-tech investments that didn’t work out, but the mayor’s reaction was ‘you gotta take risks,’ and that resonated with CEOs.”
- *Stewardship leaders*: The difference between success and failure in these groups often depends on one or a few leaders with the relationships, expertise, and credibility to engage the right mix of players. Strong leaders enable these diverse groups to reach agreement on recommendations and find ways to get them implemented. It is particularly important for leaders to have expertise in their focus area because stewardship entails knowing the field well enough to understand the key issues and to devise creative solutions that will work in practice.

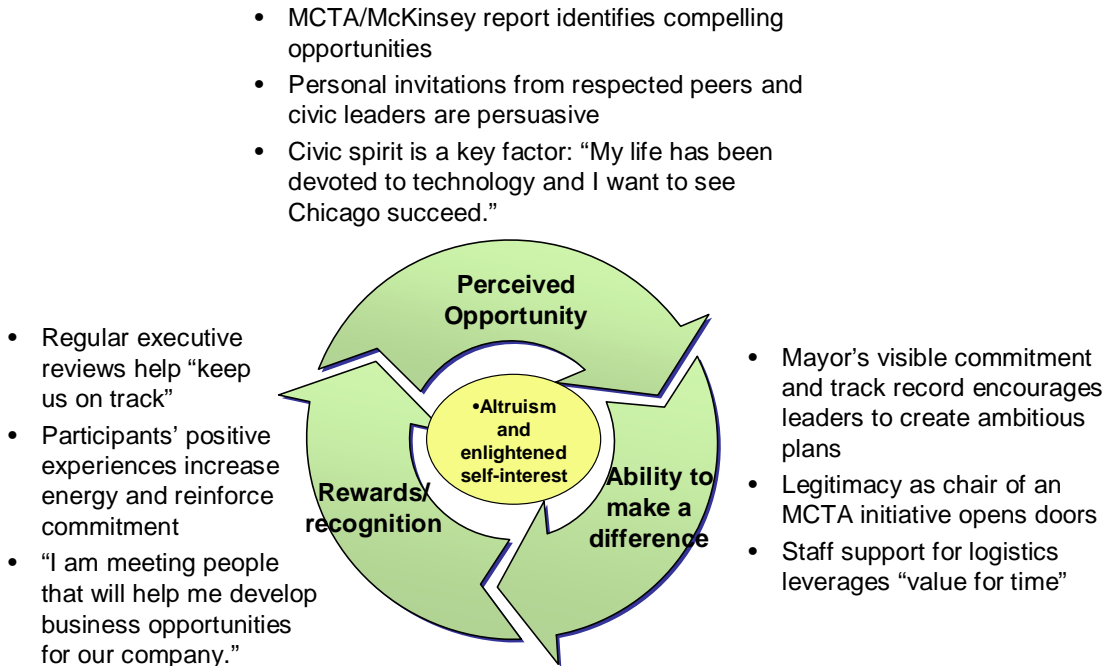
Figure 11: An ecology of interrelated leadership functions



Legend: Dashed lines indicate common associations between leadership functions

- “I brought in ten years of policy work on the technology revolution and how it links to economic growth, and others brought in extensive experience dealing with these types of technology issues....We had a very good idea of what needed to be done to avoid mistakes other cities have made.” (One sub-committee leader had written an authoritative book on the topic.)
 - “Leadership is the top success factor; people who are communicators, able to state the issues, and give focus for the group. The sub-committees that are most successful are those that have the most focus and are managed most like business meetings.”
 - Many interviewees highlighted Steve Mitchell’s instrumental role in getting MCTA focused on a portfolio of short- and long-term opportunities and applying a results-oriented management discipline. This is an example of “executive stewardship” that guides an array of sub-committees and working groups.
 - *Networking leaders:* Steve Mitchell, Michael Krauss, Paul O’Connor, Katherine Gehl, and others helped group leaders connect to relevant experts, sponsors, organizations, and constituencies.
 - “Katherine Gehl, for instance, is a tremendous force in getting people together: ‘You should talk to so and so’; Shaye Mandle does the same—it’s a very friendly environment; people are looking to work with you.”
- 5.3 Recruiting and retaining talented leaders means understanding what motivates them. In this case, it’s a mix of civic responsibility, enlightened self-interest, passion for the topic, and the enjoyment of socializing with like-minded colleagues committed to

Figure 12: What motivates leaders to participate?



shared goals. Additionally, a key motivating factor is the belief that your investment of time and resources is likely to have a significant impact. This belief is reinforced by Mayor Daley's visible commitment to ambitious goals and by his reputation for getting recommendations implemented. (See Figure 12.)

- "My motivation is 60-70% caring about the city and thinking Chicago can do much better than we've done with small amounts of effort; 30-40% to benefit our firm. If the city does better, it's better for us and for others in the tech sector. I also enjoy working with other people who are doing these kinds of things."
- "I'm a lifelong Chicagoan, so for me it's civic pride and commitment. I make my living in the technology community; my family and business is here; if I can make a positive impact in this sector then it's good for me and my firm, and makes this a more prosperous, vibrant city."
- Tech industry CEO on why he's involved: "I'm passionate about Chicago and I'm passionate about technology."
- "At first, I thought it was a complete distraction from work, but then I found that this is not only helping the City of Chicago, but also providing opportunities to meet people that I otherwise would not meet—the informal network is critical for the work I do."
- "You know with the mayor if you serve it up clean and smart—if you connect dot a and dot b—then the mayor will act, which is a strong motivating condition."
- "It's considered a rite of passage here for successful people—you're expected to get involved and make a contribution to the city."
- "It's a fun and exciting way to make a difference."

5.4 Stewardship groups rely on a number of leadership capabilities, which generally are distributed across leaders who have particular strengths—“thought leaders,” for example, or “connectors,” “salesmen,” and “project managers.” (See Gladwell’s descriptions of such roles in *The Tipping Point*; bibliography, p. 33; see also related leadership functions in Figure 11.) The following capabilities are especially important:

- Credibility and expertise in the field;
- Ability to network with key players and sponsors;
- Ability to lead collaborative efforts and manage conflict;
- Project management aptitude—converting ideas into actions and results;
- Passion for topic and ability to communicate it to others;
- Time—typically 5-20% of a leader’s time, and it would be more for many leaders if they had the flexibility and resources to invest as much time as they felt was warranted.
 - “I think leadership criteria should include: passion and energy for the topic, time (could be one-third to one-half or more of my time), access to resources, relevant to ‘day job’ (or professional interests), and ability to connect people (telling them: ‘you really ought to get together with so-and-so’).”
 - “It’s very important that we have ‘doers’ who will do some work; everyone should have responsibilities and clear goals—managing almost like a business, although it is voluntary.”
 - “I don’t want to admit how much time this has taken”; “We worked nights and weekends.” (I did not consistently ask during interviews for specific time allocations, but these three quotes suggest how consuming the leadership work can be.)

6.0 Civic Development Support Structure

6.1 MCTA’s support structure focuses not on a particular industry sector or lever, but rather on the *process of civic development*—including strategic analysis, community organizing, and implementation—as it gets deployed throughout MCTA’s various subcommittees and working groups. The “support team” (my term) is an amalgam of the MCTA executive co-chairs and professional staff drawn from the City and from World Business Chicago. Essentially, the support team provides two key services: first, a high-level professional service that includes coaching leaders, connecting with stakeholders and sponsors, facilitating events, and coordinating initiatives; and second, a more logistical or administrative service that includes setting up meetings, documenting minutes, and tracking group commitments and milestones.

- Both functions are crucial, the first because many of these volunteer leaders have little experience leading complex civic initiatives, and the second because leaders have extremely challenging “day jobs”—and little patience for wasting precious time on administrative matters.

- 6.2 The most common interviewee response to the question, “What would make the MCTA initiative more effective?” was a request for additional staff support. These requests mentioned both professional and logistical support to help MCTA sub-committees and working groups get launched and make progress; and to leverage the time and energy of their volunteer leaders. (One respondent argued, conversely, that leaders should be expected to contribute their own staff resources or to find a sponsor to provide them.)
- “I wish we had more ‘driver resources’—professional staff with experience in major program management, group facilitation, and community organizing—to support each of the key sub-committees and sector groups.”
 - “The most useful change in this whole effort would be to increase administrative support. We miss having someone to schedule meetings, set up conference rooms, and build the mailing list. We have high-powered people doing great things and no one to set up a meeting!”
 - “Implementing has been very difficult; because we needed a whole different level of support, honestly, in terms of real manpower, as well as harder number crunching.”
 - “It drives me crazy to run all this myself.”
- 6.3 A number of interviewees suggested that the City as a lead sponsor should dedicate additional staff support—and get local businesses, universities, and civic groups to help. One provided a detailed list of the types of support that stewardship groups typically need in practice.
- “There is now only one full-time person from the City, and that isn’t enough to provide the coordination and follow-up that we really need.”
 - “Based on our experience, I think these groups need the following types of staff support:
 - Coaching leaders on putting together a draft charter, incorporating input from the City and other sources—‘Here’s what the City is working on...’;
 - Helping leaders manage an action agenda—identifying priorities, facilitating connections among members, and following up on commitments to implement—‘Hey, we really need to focus on this event...’;
 - Fostering inter-group linkages, among MCTA groups and between them and other organizations—companies, the City, non-profits, etc.—‘Here’s a group that’s helping to get school-age girls interested in technology...’;
 - Communicating views of sponsors during sub-committee meetings—including Mayor Daley’s and those of other influential sponsors; (this provides guidance and also increases members’ confidence in the legitimacy of their work)—‘Here is the mayor’s view on this...’;
 - Preparing groups to present findings and results in public reports and review forums—‘After all this brainstorming, what will we present?’;
 - Managing logistics—setting up meetings and public forums, sending communications to members, and documenting minutes—‘There’s an enormous amount of work just putting together a luncheon....’”

- 6.4 The support team's ultimate purpose is to enable MCTA to spur job and income growth, so their scope goes beyond helping individual groups. They liaise with sponsors and promote participation from key leaders and institutions to help MCTA initiatives get implemented effectively. Support team members advocate roles these individuals and organizations can play and contributions they can make—such as expertise, resources, and public support, (including responsible media coverage).
- One participant estimated that MCTA has garnered several million dollars' worth of pro bono services through support-team advocacy efforts. Most argued that with additional support, much more of Chicago's civic capacity could be leveraged.

7.0 Conclusion and Overall Recommendation

This MCTA case study highlights the strengths of Chicago's current capacity for civic development while pointing out a compelling opportunity to raise this capacity to a new level. We see in this case the value of fundamental factors to address—including strategy, structure, and leadership:

- *Strategy* provides overall direction and identifies key levers;
- *Structures* facilitate key development functions—sponsorship, stewardship, implementation, and support; and
- *Leadership* brings these structures to life through initiative, ideas, and follow-through.

Respondents consistently argued that results could be improved by applying these elements more rigorously and systematically. But what is most striking is the power of combining these as components of a more foundational practice—call it “civic development”—and then applying this practice more effectively throughout Chicagoland. What MCTA needs to do, and what cities generally must do, is focus more explicitly on the nature of the development process that drives success for any civic initiative.

Civic development is essentially a social process of action learning, where practitioners from diverse sectors, disciplines, and organizations work together to share ideas and best practices, create new approaches, and build new capabilities. The MCTA case suggests how to foster learning and innovation related to a targeted set of industries and development levers, and thus it provides a model for imagining a whole city (or region) as a learning system.

Envisioning a city as a “learning system,” in fact, builds on the most compelling finding of the MCTA case study: *Effective civic development is the key to achieving sustainable social and economic goals*. This finding is consistent with the now widely-held belief that the key to sustainable performance in organizations lies in finding better ways to build, share, and apply knowledge—hence the hype about “managing knowledge” in the global economy. Businesses must innovate to compete, and this means continuously learning new ideas, skills, and methodologies. Civic development, too, is about learning and innovation—but in areas related to civic capabilities, rather than corporate ones.

A more systematic civic-development approach would explicitly envision the city as a learning system that stewards a *constellation of civic practices*—including economic development, education, housing, healthcare, public safety, land use, infrastructure, culture, and recreation. Each of these practices, in turn, can be assessed not only in terms

of relevant outcomes, policies, or formal authorities, but also in terms of the strength and sponsorship of corresponding civic groups. These stewardship groups (called by various names in the MCTA case, including: “subcommittees,” “working groups,” “communities,” “networks,” or “associations”) incorporate different constituencies, disciplines, and organizations, and they function at various levels—regional, city, and neighborhood. The purpose of each is to foster sustained learning and innovation—and improved results—for a targeted civic practice.

Such knowledge-stewarding structures have become commonplace in businesses, especially those facing challenges that are nearly as complex and dynamic as a city’s. Companies like General Electric, Proctor & Gamble, Eli Lilly, Sarah Lee, and Motorola (the last two based in Chicagoland) refer to themselves as “learning organizations.” They have intentionally organized “innovation councils,” “learning networks,” or “communities of practice.” These groups steward strategic capabilities (such as e-commerce, brand management, or quantitative biology) to accelerate learning and improve performance across business-unit and geographic boundaries.

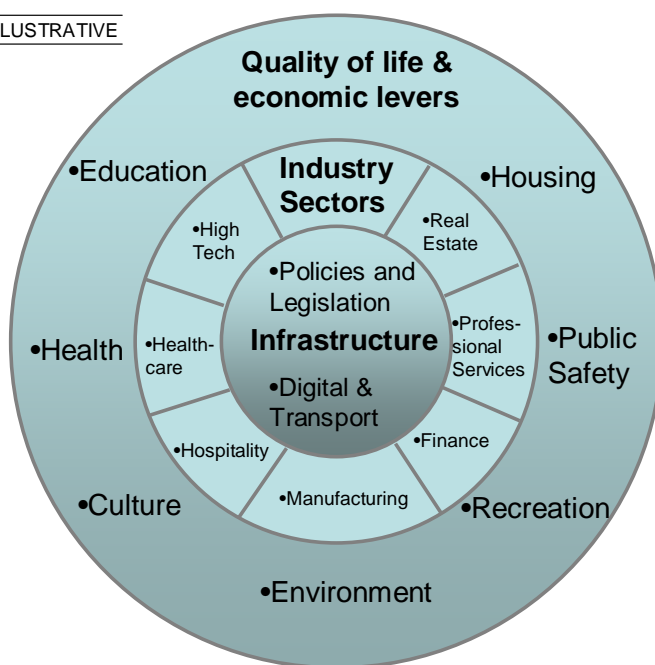
In cities, it is particularly important to create stewardship structures that can bridge across conventional sector, discipline, and organizational boundaries. Often, the only way to achieve important civic objectives is through artful and sustained efforts to organize disparate and sometimes antagonistic players. How else, for example, do you get police officers, district attorneys, social workers, high-school principals, parole officers, faith leaders, and gang members to work together for sustainable gun-violence solutions that can only be implemented through their collective action? And as we have seen in the MCTA case, how else combine the social, political, and intellectual ingredients needed to bring technology to schools and neighborhoods, create responsive and responsible city regulations, find better ways to commercialize R&D, or build an investment culture that aggressively funds start-up businesses for future economic growth?

The practice of civic development, of course, is nothing new to Chicago. In fact, Chicago exemplifies the power of effective, long-term civic stewardship. Its museums, parks, orchestra, universities, lakefront, commercial districts, infrastructure, and diversified economy all testify to this—as do the variety of prominent civic groups (such as MCTA, Metropolis 2020, and the Civic Committee) that make them possible. What is new is the urgency to deploy the process of civic development more rigorously and systematically. The cycle-time of change is accelerating in civil society as much as in business. Indeed, the changes in these two domains reinforce each other. And both are driven by broader secular changes: the accelerating pace of knowledge creation in science and technology, for example, or the impact of globalization—witness the influence of the culture wars in Afghanistan on urban public safety in the United States.

If the way to reduce gun violence—or improve schools, or promote economic development—is to organize corresponding civic stewardship groups, how do you “scale up” such an approach to address a whole city, including its full array of civic practices? The Chicago case features a number of “umbrella organizations”—such as MCTA and Metropolis 2020—which suggest how to do this. (And these examples are consistent with what we have seen in corporations that sponsor a large number—often well over 100—of such groups.)

Figure 14. How steward the social infrastructure of Chicago as a “learning system” that includes the whole round of civic practices?

ILLUSTRATIVE



How cultivate groups that:

- Address key practices
- Combine disciplines
- Include constituencies
- Leverage institutions
- Cross levels
 - Neighborhood
 - City
 - Region
 - State
 - Nation
- Get results?

How align diverse groups that address a common civic practice: e.g., non-profits, neighborhood groups, city departments, and private developers—all focused on housing?

Functions of a “support team” to cultivate the civic ecology:

- Consult to sponsors
- Coach group leaders
- Help design events
- Link related groups
- Provide tools and measures
- Develop infrastructure and long-term capabilities

Chicago should now commission a group whose purpose is *to provide stewardship for a world-class civic development practice that promotes social and economic development throughout Chicagoland*. This group—either based independently or affiliated with one of the established umbrella groups—would not take responsibility for the specific *outcomes* of any civic group, as does MCTA for high-tech job and income growth. Rather, its role is to increase the *process* expertise of such groups in skills such as strategic analysis, community organizing, collaborative action, project management, and public education and advocacy—thus driving results by increasing capabilities. (See Figure 14.)

Chicago might launch this “civic development group” by organizing a sponsor board as well as a support team of experienced professionals. (Later, the group might cultivate a community of practitioners who actively lead or support civic development initiatives.) The sponsor board consists of influential civic leaders and draws on active board members from major civic organizations. Sponsors help promote the vision of Chicagoland as a learning system, advocate for greater rigor and systematicity in civic initiatives, and attract seed capital to fund a support team of capable professionals. The support team plays much the same role as professionals on MCTA’s support team (See Section 6.0), though of course its scope and client base are much broader.

The support team’s role, essentially, is to lead the city’s overall civic-development initiative. Its goal is to shepherd the development of a constellation of practice-based civic groups throughout Chicagoland.

Support team civic-development functions include:

- providing consulting services and educational workshops to sponsor boards and leaders of various civic groups;
- coaching group leaders on issues related to strategy, structure, and leadership;
- helping groups design events for networking, problem solving, and public communication;
- fostering linkages among comparable or complementary groups and associated sponsors (to combine skills and better leverage collective resources and influence);
- building groups' capacity to manage projects and measure outcomes; and
- developing an infrastructure (both physical and digital) to facilitate coordination among related groups and organizations.

Several of the staff may be “virtual” members that work part-time on specific projects, including professionals who currently support civic organizations like MCTA or Metropolis 2020. Contributors may also include colleagues in other cities or from consultancies and institutes, such as the Brookings Institution, Initiative for a Competitive Inner City, or Collaborative Economics. Clients might include umbrella organizations and networks of civic groups that are related by a common practice; as well as independent organizations—including the City, corporations, non-profits, and universities.

The group's long-term practice-development agenda builds on its core functions by increasing the capacity for broader impact; activities may include:

- Developing methods for “mapping” the multitude of diverse civic initiatives and related stewardship groups (and implementation partners) in the Chicagoland region—by topic, membership, sponsorship, etc.;
- Identifying best practices (e.g., for measurement, project management, and public discussion forums) and helping groups to adapt and apply them;
- Designing facilities for participative conferences, public forums, and workshops—both face-to-face and virtual;
- Establishing an institute for civic leadership development (or linking with an extant center, such as a local chapter of the American Leadership Forum);
- Publishing research reports, articles, and newsletters to disseminate ideas and best practices;
- Providing public workshops and advocating for legislative and institutional policies to encourage increased (and more effective) civic participation by individuals and organizations;
- Creating a library of resources, a directory of expertise, case studies, tools and frameworks, software programs, and other materials to support civic-development practitioners;
- Cultivating professional communities within the region or across cities (nationally and internationally) on the topic of civic development itself, or on sub-topics such as strategic analysis, collaborative action, and leadership development.

The civic development group should start by focusing on activities that provide benefits for multiple civic initiatives in the near term—thus building credibility and earning support for longer-term development work. The financial investment for starting such a group, perhaps a half-million dollars per annum, is relatively small given the opportunity to leverage Chicago’s deep repository of civic capabilities and to deploy them more systematically across the board. Key success factors, of course, are the ability of sponsors to attract funding and progressive clients; and the competence of professional staff to create value for clients while also building the practice.

The value of imagining and more systematically governing Chicago as a civic learning system was brought home on October 10th when a number of interviewees met as a group to discuss a draft of this report. We spent a good deal of time debating what is now perhaps Chicago’s most difficult—and highest leverage—technology challenge: Why do high-tech start-ups have such trouble getting seed capital—especially given Chicago’s considerable intellectual and economic assets? There were a number of good explanations: conservative banks and pension funds, a low-risk culture among local investors, lack of a critical mass of “serial entrepreneurs,” few local venture capitalists ready and willing to make seed investments, weak links among entrepreneurs and large-company executives, the fallout from the recent dot-com meltdown, fears of an incipient recession—and others. And these explanations suggested a number of remedies—local networking forums and partnerships with coastal VCs, for example, or lead investments by the City and State.

But it seemed from the level of discord and frustration expressed by the group—which included several leaders in the field—that this community had yet to find its collective voice. The highly charged discussion showed that Chicago’s ability to mix the needed “ingredients” to address its seed-capital challenge will depend on sustained and strategic organizing activities. As the MCTA case demonstrates, this means convening a core group of leaders who care about the city and this topic; who will research the field and combine diverse views to generate new solutions; who will provide a focal point for connecting with practitioners, stakeholders, and implementation partners; and who will work together to galvanize support to tackle this important challenge.

In fact, as of October 10, a core group was in the early stages of organizing itself to take responsibility for the seed-capital challenge, and they were preparing to launch on just such a development journey. Chicago’s job may now be seen as two-fold:

- 1) Help groups like the seed capital community continue to grow and prosper; and
- 2) Establish a broader capacity to cultivate a “community of communities” that stewards the city’s full array of civic practices.

* * *

The MCTA case provides a model for organizing a city as a learning system that stewards a constellation of civic practices at neighborhood, city, and regional levels. Chicago leaders should now organize a professional group to promulgate this vision and to increase the rigor and systematicity of civic development as it is practiced throughout Chicagoland. This group can grow its own expertise, influence, and resources by cultivating a corresponding community focused on the general practice of civic development. Core members could jump-start the community by linking with like-minded practitioners in Chicago and other leading cities—including those in the “innovation network” who contributed to this report.

Parting thoughts....

Basic beliefs about civic development

- The challenge of civic development is too complex, dynamic, and situational to solve with formal structures and standard methods alone
- Informal elements such as shared vision, relationships, and goodwill need not be left to chance—civic groups foster “intentional serendipity”
- A shared civic vision and cultural heritage energize and guide civic development efforts; they are crucial to a city’s long-term vitality
- It’s neither about “economic engineering” nor about “letting market forces work” in the absence of active civic initiatives
- “Intermediate groups” are the key to a vibrant city and a robust democracy—and always have been
- We can improve a city’s capacity to:
 - Cultivate these groups
 - Expand their reach
 - Further integrate them with a city’s vision, strategy, and institutions

Last words: Civic leadership groups in a sociological and historical context

“Americans of all ages, all stations in life, and all types of disposition are forever forming associations. These are not only commercial and industrial associations in which all take part, but others of a thousand different types – religious, moral, serious, futile, very general and very limited, immensely large and very minute . . . [This is] the most democratic country in the world.”

--Alexis de Tocqueville, 1840, *Democracy in America*—explaining to European monarchists and aspiring revolutionaries how democracy works in practice

“A nation cannot be maintained unless, between the state and individuals, a whole range of secondary groups are interposed. These must be close enough to the individual to attract him strongly to their activities and, in so doing, to absorb him into the mainstream of social life.”

--Emile Durkheim, 1902, *Division of Labor*—describing how to mend the social fragmentation caused by industrialization and related population migrations

“Only through its intermediate relationships and authorities has any State ever achieved the balance between organization and personal freedom that is the condition of a creative and enduring culture. These relationships begin with the family and with the small informal groups which spring up around common interests and cultural needs.”

--Roger Nisbett, 1953, *Quest for Community*—advocating in the shadow of the Cold War for ways to strengthen and protect our democratic traditions

“High on America’s agenda should be the question of how to reverse [recent] adverse trends in social connectedness, thus restoring civic engagement and civic trust.”

--Robert Putnam, 1996, *Bowling Alone* (in *The Atlantic Monthly*)—arguing that civic groups build the “social capital” that fuels social and economic development

Selected Bibliography

While I was interviewing people for this study, the conversations occasionally veered off the focus on MCTA to background concepts and methodologies related to the case. In that context, I recommended a number of articles and books that describe different aspects of an emerging civic development practice. Here's a sample:

Chrislip, D.D. & Larson, C.E. *Collaborative Leadership: How Citizens and Civic Leaders Can Make a Difference*. San Francisco: Jossey-Bass, 1994. (The authors describe in conceptual and practical terms the “collaborative process” as it applies to the civic context; also good insights about helping civic leaders to develop collaboration skills.)

Dyer, J.H., & Nobeoka, K. “Creating and Managing a High-Performance Knowledge-Sharing Network: The Toyota Case.” *Strategic Management Journal*, 21, no. 3 (2000): 345-367. (Academic article on how Toyota organizes a learning community among its suppliers—many of whom compete with each other for Toyota's business.)

Gladwell, M. *The Tipping Point*. Boston: Little, Brown and Company, 2000. (Very readable book, based on an earlier article in the *New Yorker*, about how major social changes can happen suddenly and unexpectedly, and about the role of social networks—including “connectors, mavens, and salesmen”—to catalyze such changes.)

Grogan, P.S., & Proscio, T. *Comeback Cities: A Blueprint for Urban Neighborhood Revival*. Boulder, Colorado: Westview Press, 2000. (Compelling review by CEOs for Cities' president, Paul Grogan, of evidence showing how cross-sector, grassroots groups in cities across the U.S. have organized to address a variety of issues, including economic development, education, housing, safety, and others.)

Hayworth, Lawrence. *The Good City*. Bloomington: Indiana University Press, 1963. (Visionary book whose author formulates a systematic “philosophy of the city” that addresses both ethical and practical issues. Hayworth argues that cities thrive when citizens undertake strategic and intentional initiatives to develop their civic institutions. Moreover, because “we are a nation of cities” (and increasingly, a world civilization), peace and prosperity depend on our capacity to restore the sense of community in our cities worldwide.)

Henton, D., Melville, J., & Walesh, K. *Grassroots Leaders for a New Economy: How Civic Entrepreneurs Are Building Prosperous Communities*. San Francisco: Jossey-Bass, 1997. (Instructive book by experienced consultants with detailed cases on cross-sector, economic-development efforts. It emphasizes the various roles of “civic entrepreneurs” through the four key stages of a typical civic-development initiative.)

Jacobs, J. *The Death and Life of Great American Cities*. New York: Vintage books, 1961. (Classic sociology study on the dynamics of both healthy and deteriorating neighborhoods and cities.)

Leonard, D., & Swap, W. “Gurus in the Garage.” *Harvard Business Review*, 78, no. 6 (November-December 2000): 71-79. (Interesting study of the importance of an informal network of “mentor capitalists” who operate as a venture-capital guild—sharing information about entrepreneurs, business cases, investment opportunities—and contributing to Silicon Valley's economic growth in the process.)

Liebeskind, J. P., Oliver, A. L., Zucker, L., & Brewer, M. “Social Networks, Learning, and Flexibility: Sourcing Scientific Knowledge in New Biotechnology Firms.” *Organizational Science* 7, no. 4 (1996): 428-443. (Academic study of the relationship between inter-organizational social networks and innovation rates in biotech firms.)

Nisbett, R.A. *The Quest for Community*. New York: Oxford University Press, 1973 (1953). (This classic work describes a “quest for community” that pervades the history of civilization. Nisbett argues that continued social and economic development will depend on “the establishment of new forms [of community]”—including those based on practice as well as place. Written in the shadow of the Cold War, he argues in the last chapter that if cities (and nations) are to thrive, they cannot be governed solely by centralized administrative bureaucracies, but rather must organize “intelligent and cooperative” small groups and associations to address the complex challenges of the modern era. For an updated perspective on renewing society’s “moral ecology,” see *The Good Society*, by Robert N. Bellah, et al., New York: Vintage Books, 1992.)

Porter, M. “Clusters and the New Economics of Competition.” *Harvard Business Review*, 76, no. 6 (November-December 1998): 77-90. (Well-documented analysis of the tendency of companies within an industry to co-locate in a city or region—for benefits such as inter-company knowledge sharing, access to higher levels of service-company and supplier expertise, and lower factor costs.)

Putnam, R.D. *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon & Schuster, 2000. (Most recent compilation of evidence that “social capital”—trust, reciprocity, and shared understanding and values among members of a social network—is a crucial foundation for both quality of governance and economic development. See also Francis Fukuyama’s book, *Trust: The Social Virtues and the Creation of Prosperity*, New York: The Free Press, 1995.)

Saxenian, A. *Regional Advantage: Culture and Competition in Silicon Valley and Route 128*. Cambridge, MA: Harvard University Press, 1996. (Authoritative analysis of the “recipe” of ingredients that makes Silicon Valley thrive as a source of innovation and economic growth. As one interviewee stated: “This is what they have in Silicon Valley—it’s in the ingredients—and that’s what we need to grow seed capital in Chicago.”)

Wenger, E.C. and Snyder, W.M. “Communities of Practice: The Organizational Frontier.” *Harvard Business Review*, 78, no. 1, January-February (2000): 139-145. (Senior-executive summary of basic ideas and case examples explaining how “communities of practice”—informal groups whose members share common interests and expertise—provide stewardship for knowledge resources in organizations.)

Wenger, E., McDermott, R., & Snyder, W.M. *Cultivating Communities of Practice: A Guide to Managing Knowledge*. Boston: Harvard Business School Press, 2002. (Practical book for executives and practitioners on the “what, why, and how” of communities of practice. The last chapter focuses on the development of communities of practice beyond organizations—in markets and in the civil sector.)

Selected Websites

This selection includes several websites sponsored by groups that have organized networks of civic leaders across cities and regions to share ideas and best practices—and to advocate more broadly for a civic development agenda.

www.alfnational.org (The American Leadership Forum is “a national organization dedicated to bringing together leaders from various sectors in communities across the country—developing their leadership skills and capacity—and strengthening their commitment to work together on public issues.”)

www.ayudaurbana.com (Or “Help for Cities,” a network of Central American and Caribbean capital city mayors who collaborate to advance social and economic development in their cities and in their region. In Spanish.)

www.boost4kids.gov (The “Boost4Kids” learning network was initiated by Vice President Gore’s office, as were the following two networks. Its members include local civic coalitions from 13 cities and regions whose focus is healthy children and families. For case-study reports on all three networks, see: www.socialcapital.com.)

www.safecities.gov (Focus is public safety; about 11 cities and regions as core members; now sponsored by the Bush Administration’s Department of Justice.)

www.skillsnetwork.gov (Focus is workforce development; about 10 cities and regions as core members; now sponsored by the Department of Education.)

www.ceosforcities.org (CEOs for Cities is a “bipartisan alliance of prominent civic leaders” from private, public, and non-profit sectors. Initiatives include a national leadership network, knowledge creation and dissemination, and federal policy efforts.)

www.chicagotechtoday.com (The Mayor’s Council on Technology Advisors’ website includes the 2001 MCTA/McKinsey report, “A New Economy Growth Strategy for Chicagoland.”)

www.firsttuesday.com (This technology-related professional network includes over 100,000 members with chapters in 100 cities and 40 countries around the world. “The First Tuesday network...brings together the leading players in the technology sector: entrepreneurs and managers of new ventures; venture capitalists and investors; service providers; and ‘intrapreneurs’ and technology managers of corporate entities.” After one meeting, Chicago had the second most active chapter in the world, after founding city London.)

www.icic.org (The mission of the Initiative for a Competitive Inner City is “to spark new thinking about the business potential of inner cities, thereby creating jobs and wealth for inner-city residents.” While their emphasis is on research and consulting to client cities, they also promote knowledge exchanges and relationships across cities.)

www.liscnet.org (The Local Initiatives Support Corporation provides funds for neighborhood development initiatives nationwide. It also moderates a website that offers knowledge resources and an on-line, interactive forum for a national network of experts and practitioners on various civic development topics. See: www.liscnet.org/resources.)

www.regionalstewardship.org (The Alliance for Regional Stewardship is a “peer-to-peer learning network that provides best practice information and support to regional leaders.”)